



MEMORANDUM

300 N. WASHINGTON SQ.  
LANSING, MI 48913

CUSTOMER  
ASSISTANCE CENTER  
517 373 9808

WWW.THEMEDC.ORG

DATE: September 23, 2008  
TO: Michigan Economic Growth Authority  
FROM: Val Hoag, Director  
Portfolio Management & Packaging  
Joshua Hundt, Project Specialist  
Portfolio Management & Packaging  
SUBJECT: Briefing Memo – Consolidated Biscuit Company  
Standard MEGA Credit

COMPANY NAME:

Consolidated Biscuit Company  
312 Rader Road  
McComb, Ohio 45858

HISTORY OF COMPANY:

Consolidated Biscuit Company (CBC), founded in 1963, is headquartered in McComb, Ohio. In 1963, CBC operated a one-oven line with approximately 30 employees. Over the next 45 years, the company has expanded to nine facilities in Ohio, Kentucky, Indiana, Minnesota, and Illinois employing 3,000.

CBC is one of the largest independent full-line cookie and cracker manufacturers in the United States. In addition to its own label, CBC is also a contract packer for some of the largest name-brand national companies. Over the years, CBC has built a strong reputation for quality products, on-time delivery, competitive pricing and innovative R&D capabilities.

Currently, CBC does not have any operations in Michigan.

PROJECT DESCRIPTION:

CBC is considering purchasing an existing Tecumseh Products building and property for the company's first bakery in Michigan. In addition to the building and land acquisition, the company will also be acquiring, moving and installing bakery equipment. The overall capital investment for this project will be \$12 million.

The project will result in the creation of 500 new jobs over the next five years and will pay an average weekly wage of \$484. The company will also offer healthcare benefits and pay a portion of the benefit costs.

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**BENEFIT TO STATE:**

According to the economic analysis done by the Michigan Economic Development Corporation utilizing Regional Economic Models, Inc. software, it is estimated that this facility will generate a total of 1,058 jobs in the state by the year 2018. Total state government revenues through the year 2018, net of MEGA costs and adjusted for inflation, would be increased by \$23.2 million (2008 dollars) due to the presence of this expansion.

**BUSINESS CASE:**

CBC is also considering a site located in Corbin, Kentucky for this project. The company indicated that Kentucky offered an incentive package which would provide economic development funds through its KRIDA program and would support taxable revenue bonds to fund the plant and equipment.

**OTHER STATE AND LOCAL ASSISTANCE:**

The City of Tecumseh supports this project and anticipates approval of a property tax abatement under PA198 of 1974.

The MEDC has approved training funds for the project. Through our Economic Development Job Training program, the MEDC will provide an employee training grant of up to \$500 per employee, for up to \$125,000.

**RECOMMENDATION:**

Based on the factors described above, the Michigan Economic Development Corporation Recommends a 100 percent standard employment tax credit for 10 years for up to 500 new jobs subject to the following:

- Provided that the company creates a minimum of 375 new jobs by the end of the seventh year of operations (2015) and continues to maintain that number in future years. Failure to do so will result in the remaining years to be forfeited.